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THE MAILED KISSHEVA NEW ECONOMIC POLICY

During the Stalin period and immediately after the Soviet victory in World War II, there was a general belief that the class struggle had been eliminated. In the class struggle, the working class had been the leading force of Soviet society, but this belief addressed itself to the working class.

During the early period of the following Stalinist era, these principles of Soviet policy showed little evidence from the industrial pattern, whether of class stratified or classless features.¹ A specialized and centralized state capitalist machine state

had been established, and the working class was no longer the leading force of Soviet society. The working class had been reduced to a mere appendage of the state capitalist machine, and the working-class leadership of the working class had been eliminated. The working class had been reduced to a mere appendage of the state capitalist machine, and the working-class leadership of the working class had been eliminated.

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trade, Mikoyan.¹⁷ He called attention to the increased quantity of goods allocated for sale to the population already during April-December, 1953, that is, following Stalin's death, and to the sixth consecutive annual reduction of retail prices in state stores ordered by the Soviet government on April 1, 1953.¹⁸ He further stated that, in the course of three years, 1951-53, the production of manufactured consumer goods will increase almost by

consumption; cotton and woollen goods and leather footwear. It will be noted that the production goals provide for a relatively moderate increase in 1954, a sharp increase in 1955, and an enormous rise in 1956. Parenthetically, the 1955 goals are only slightly higher than those specified in the Little Five Year Economic Plan, presented in October, 1953, namely, 2 per cent for cotton goods, 5 per cent for woollen goods, and practically no

TABLE II
Projected and Actual Production of Consumer Goods
Soviet Union, 1951-53 (in millions of rubles current value, 1950)

Article	1951			1952			1953		
	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Cotton goods	1,200	1,250	1,250	1,300	1,350	1,400	1,450	1,500	1,550
Woollen goods	1,000	1,050	1,050	1,100	1,150	1,200	1,250	1,300	1,350
Leather footwear	100	100	100	100	100	100	100	100	100
Total	2,300	2,400	2,400	2,500	2,600	2,700	2,800	2,900	3,000

50 per cent, and that "each percentage represents an greater rate of growth than before."

More significant than the composite figure are the actual production targets for the most important consumer goods. Table I presents the goals for fifteen of the most important articles of manufacture, including those mentioned by Mikoyan.

According to Mikoyan, the projected output of cotton goods in 1953 will be 1,450 million rubles, or 15 per cent above the 1952 level. However, the projected output of cotton goods in 1953 is only 10 per cent above the actual output of 1952. From January 1, 1954,

change for higher taxation. Even if the sweeping increase planned for the export of these goods were to occur, the Soviet Union still would not reach the Western level of living standards. Thus, for textiles, the 1954 and 1955 goals are below the 1953 output in the United States of 9,510 million yards, 8,096 million meters, or cotton goods and 351 million yards, 811 million meters, of woollen goods. Though the Russian population at the beginning of 1954 was roughly 17-30 per cent larger than that of the United States, only in 1956 is the planned Russian production

of the above items supposed to exceed that of the United States in 1952. And, of course, there is no such backlog of unsatisfied demand in the United States as in the U.S.S.R.

Even more sweeping increases in output are planned for a number of durable consumers' household and luxury goods.

output of these goods is a reflection of a very low production base and is another demonstration of the consumers' goods famine which has long existed in the U.S.S.R., despite the vaunted industrialization.

Certainly what was said above concerning the continued intensity of the

TABLE 2*
 PRODUCTION AND PRODUCTION GOALS OF SPECIFIED CONCRETE GROUPS
 IN THE SOVIET UNION FOR SEVEN YEARS

such as silk, the data for which are given in Table 2. The rate of growth for these commodities is, as a rule, much steeper than that specified only a year earlier by the Five Year Plan for 1955. For silk, for instance, it is an increase of 370 per cent instead of 260 per cent, according to the plan; for rayon, 130 and 230 per cent, respectively; for cotton and jute, 300 per cent; 310 and 120 per cent; sewing machine, 120 and 130 per cent, etc. Of course, the spectacular rate of growth in

Russian standard of living becomes even more obvious when the targets in Table 2 are contemplated. With respect to such household appliances as refrigerators, vacuum cleaners, and washers, at times, even Mikayev found it necessary to fore-stall the "marketing experts" by declaring that, as far as output is concerned, "so far we are not out to surprise anyone. We have just started this business. However, we may be able to surprise any skeptic by the tempo with which we shall

make up for lost time. In our land of socialism, this equipment will become, in the not too distant future, an inalienable possession of the majority of Soviet households." Be it as it may, it is reasonable to suppose, however, that during the next few years such appliances will constitute "inalienable possession" of the Soviet aristocracy, not of the masses. However, as to the simpler articles of mass consumption, it can hardly be gainsaid that, if the goals set by the Malenkov administration for 1955, and especially for 1956, were realized, the USSR would take an important step in a long journey to extricate itself from the sharply deficit stage of the manufactured consumers' goods planning which has so long plagued its economy.

But will the goals be realized? What can be said about the outlook for the new campaign? There are obviously many uncertainties, but it is possible to adumbrate some of the essential elements in the equation. To begin with, a highly important positive factor, never before since the inception of the five year plan era a quarter century ago, has so energetic and determined an effort by the Kremlin been evident on behalf of the consumer. It appears to represent a significant shift in Soviet economic policy. However, many misgivings occur with regard to the success of this campaign to give a new deal to the Soviet consumer. First of all, a serious question arises as to the continuity of the new policy trend. Will the Soviet rulers persevere in their most solicititude for the welfare of the people, or will the campaign lose much of its momentum after a few months, or perhaps a year, and eventually fade away? And there always lurks the possible premature reversal of the policy before it is able

to bear fruit, particularly because of competition with the heavy industry and armaments production, a point I shall touch upon a little later. Incidentally, the Kremlin can scuttle a policy or program without the benefit of publicity. Yet, certainly, the time element in this matters the more important, since a reorientation of Soviet industry to serve the consumer, though it presents no insuperable technical stumbling blocks, nonetheless involves some difficult problems of readjustment.

First, there is the problem of technical reconversion. It is aggravated by the fact that production of many consumers' goods, such as bicycles, electrical appliances, etc., is parceled out to industries controlled by different ministries. Thus, in addition to the Ministry of Consumer Goods Industry, there were the Ministry of Electric Power and Electric Industry and the industries of machine building, aviation, diesel machinery, lumber and paper and construction materials industries and food industries not subject to the control of the national ministries, all these must cooperate. A new subdivision of industrial ministries in the spring of 1954 does not simplify the problem.

And the Soviet economic apparatus has been notorious for poor coordination of its component parts. In general, the technical reconversion, involving retooling and reeducating of management and labor, is not so difficult in the USSR than in the more developed countries of the West. This is partly because the capitalist industrial system is less developed and partly because of the considerable flexibility and inertia induced by the rigid centralized planning and excessive supervision from above and by the absence

of competition.¹³ Closely related is the unwillingness on the part of the management to take risks, make decisions, and shoulder responsibility, except at the highest level of authority, as a consequence of the fear instilled by a quarter century of purges. It will be recalled that the first "witch" trial, involving alleged sabotage by engineers in the Dnibus coal industry, the so-called "Shakhtinsky" trial, took place as long ago as 1928. While the Soviet captain of industry can be perfectly serene about market demand and competition and can easily take care of the official synthetic substitute for the latter in the guise of "socialist competition," he is quite insecure against the terror of the Soviet police state. However, managerial flexibility and creative ingenuity are not less and perhaps are even more essential in the manufacture of the much more variable consumers' goods than in the manufacture of standard producers' goods.

In the second place, the process of reorientation to serve the consumer must overcome certain psychological obstacles arising from the attitude of the managerial bureaucracy of the monolithic nationalized industry.¹⁴ It became thoroughly imbued with the spirit that may be epitomized by the motto, "The consumer be-damned." Therefore, something in the nature of a psychological reconversion of the managerial class is essential, particularly in the matter of improvement of quality of consumers' goods and their assortment, which is so much stressed by the new program.

To the need of reconversion of exist-

ing plant facilities is added that of expansion of plant and equipment. For instance, in the textile industry it is planned to add 480,000 new spindles in 1955 and 1,381,000 in 1956 and 15,507 and 38,000 looms, respectively, during the two years. Expansion in textiles presupposes a similar process in the dye industry, which had often been blamed for the inadequate quan-

tity and poor quality of the dyes supplied to the textile mills.¹⁵ Expansion is also contemplated in the leather, shoe, clothing, and many other industries. Increased investment will also be needed if the distribution system is to be improved, because of a great shortage of retail store space and warehouse facilities reported by Mikoyan.

But this is not all. As part of the planned rise in commercial production of various foodstuffs indicated in Table 3, there is projected a considerable expansion of the food processing industry requiring construction of new plants and equipment. Capital investment in the enterprises of the Ministry of Food Industry is scheduled to increase from

¹³ See Alexander Vaynshteyn's chapter, "The Factory," in his *Soviet Economic Institutions*, introduction by Sergio Avedisian (Stanford: Stanford University Press, 1952), pp. 6-56.

¹⁴ S. E. Bakhmetev, "The food industry," in *Pravda*, November 12, 1953.

4,800 million rubles in 1953 to 8,500 million in 1954 or by 77 per cent. Corresponding figures for the Ministry of Manufactured Consumers' Goods are 3,148 and 5,850 million rubles, or an increase of 80 per cent.

There is, furthermore, the demand imposed on industry by the raised targets for agricultural machinery and fertilizer, dictated by the new agricultural program, which will be discussed later. There is also the problem of extensive housing construction, as well as of building new schools and hospitals, strongly emphasized by Malenkov.²⁵ And what about his promise of continuing development of heavy industry?²⁶ Such a promise regarding a favorite Soviet child cannot be lightly disregarded, especially should the Kremlin be unwilling to negotiate a settlement that would reduce international tension and the armaments race. Finally comes the question of the increased supply of agricultural raw materials required by the expanded light industry. Will it be possible, for example, to supply the textile industry with cotton, flax, wool, etc. As will appear from the subsequent discussion of the agricultural situation, there is much room for skepticism also on this score. Thus the new policy poses the task of simultaneous expansion in various directions to a deficit economy, characterized as it is by scarcity of many resources, including since the war even the formerly plentiful labor force.

What emerges from this assessment is the need for caution. The situation in consumers' goods industries will of course be influenced by the progress, or lack of it, in agriculture. Much will depend also upon the foreign policy of the Kremlin and its effect on inter-

national tension. A more peaceful, less aggressive foreign policy, which would help to relax international tension, would *ipso facto* provide a more favorable environment for concentration on consumers' goods at home, and vice versa.²⁷ Barring further complications on the international scene, it seems reasonable to anticipate an expansion of consumers' goods output in 1955-56 at a more rapid rate than perhaps during any comparable period of the preceding quarter century, though the improvement in 1954 is likely to be at best a moderate one. But it would be premature and risky, at the present juncture, to expect the fulfillment of the high targets set up by the Malenkov-Khrushchev program. As to a marked improvement in the quality and assortment of goods, it appears to be the more problematical the greater the quantitative achievement; for it is precisely the chase after "statistical" fulfillment of government plans that so often interferes with qualitative results in the U.S.S.R.

It is tempting to speculate about the psychological effects of nonfulfillment or partial achievement of the high targets set for manufactured consumers' goods. Many observers believe that even a modest advance in the standard of living would go far in satisfying the Soviet consumer, so long as such an advance is continuous. But it may be also true that the Russian appetite for consumers' goods will be greatly whetted as it becomes a little easier to acquire.

²⁵ *Pravda* and *Ispravka*, August 9, 1953.

²⁶ *Ibid.*

²⁷ Whether the emphasis on a more peaceful or conciliatory foreign policy, or on the high targets set by the Kremlin on the consumers' goods industries, as some observers believe, a psychological maneuver to prepare the populace for the approaching war, is a most questionable question on which no authoritative judgment seems hardly possible, and least of all to an economist. It may be suggested, however, that the two views are not necessarily irreconcilable if it is true that the Kremlin, like a good chess player, usually seeks to prepare for several alternatives.

them, and the Soviet citizen may feel that he is getting too little too late. Thus, the growing popular discontent may force the Kremlin to make even greater concessions. For one of the lessons of history is that revolts usually are not started by those who are in the slough of despair but by those whose lot is improving, albeit fitfully.

It must not be overlooked that the supply of consumers' goods may also be expanded by increased importation from abroad, and a definite tendency in this direction was discernible in the bilateral trade agreements and trade deals concluded by the Soviet government during the so-called shift of 1953. It is questionable, however, for how far the Soviets would be willing to go in changing the basic character of their imports, which for long consisted predominantly of producers' goods and raw materials. But even assuming a far-reaching change in Soviet foreign trade policy, it would be hampered by the donkey character of the Soviet economy, which, as experience has demonstrated, tends to limit available exports and consequently the purchasing capacity of the U.S.S.R.¹² A serious effort to improve living standards at home under such conditions, would probably aggravate export difficulties unless the Soviet government were willing to ex-

¹² The experience of French business men who came to Moscow last year to participate in discussions on 1961 state plans, is available in "Frenchmen in USSR: Seven French Textiles and Chemical Firms," *The Soviet Economy*, December 1961, pp. 11-12. For those interested in further details, see my article "The Economic Crisis in the U.S.S.R.," *Journal of World History*, February 1954. Such a course would prove disastrous to the main stream of Soviet foreign policy in increasing the supply of consumers' goods.

¹³ The Soviet system differs greatly in this respect from that of a modernly functioning free economy, in which commodities are automatically made available for export by the movements of exchange rates and prices and the process of substitution.

port gold on a large scale from its presumably substantial stocks. There were straws in the wind during the winter 1953-54 pointing to a new major role of gold in Soviet foreign trading, but the situation is still enigmatic. The question of a possible expansion of consumers' goods imports from the satellite countries is complicated and will not be discussed here.

IV

If light industry were something of a Cinderella, then agriculture could be described as an Achilles heel of Soviet economy. However, it is often forgotten that "Achilles could, after all, walk upon his heel,"¹⁴ and, likewise, the Kremlin was able to lean heavily on Russian agricultural in its soaring industrialization drive. Nevertheless, the existence of a serious problem of lagging agricultural production cannot be gainsaid.¹⁵ This was acknowledged by Malenkov and more explicitly by Khrushchev, who gathered considerable supporting evidence. In fact, not since V. V. Andreev's Khrushchev's predecessor as the top "agriculturalist" among the Bolshevik leaders' celebrated report on the agricultural situation in February, 1917,¹⁶ was so much statistical agricultural information revealed as by Khrushchev.

According to Khrushchev, agricultural production in 1952 was only 10 per cent

¹⁴ Peter Walde, "The Soviet Union's Difficulties in War," *Journal of Peace Research*, XXII, 1-3, 1985, 56-68.

¹⁵ Cf. A. P. Tikhonov, "New Soviet Price Policy: Agricultural Aspects," *Journal of Peasant Studies*, XIX, December 1982, 489-504.

¹⁶ It was published in the Sovnarkom decree of March 7, 1917, and in the Central Committee of the Communist Party's resolution the report appeared in Soviet newspapers on February 28, 1917.

higher than in 1940,²⁹ while industrial production was more than twice as high. Moreover, the estimates of the chief component of agricultural output, crop production, have been obfuscated by Soviet reports of unrealistic figures of so-called "biological crops." These were estimates of crops standing in the field prior to harvest, which did not reflect the officially admitted large harvesting losses and, in general, lent themselves

not be forgotten that our country, our collective farms can prosper with a crop gathered in the barn and not with a crop standing in the field.³⁰ Presumably the practice of reporting biological yields will be discontinued.

The crop picture, however, is not uniform. On the one hand, the areas sown to such important crops as flax and hemp failed to reach the prewar level by 1953 and even exhibited a down-

TABLE 4*
DISTRIBUTION OF SOVEN CROP AREA IN THE SOVIET UNION IN 1940 AND 1953

Crops	1940		1953		1940		1953		1940		1953	
	M. Hect.	%										
Areas under cultivation	13,4	55.0	71.8	33.4	27.8	25.3	101.8	58.1	68.9	30.1	100.0	58.9
Wheat	11.1	46.7	30.1	16.1	29.1	6.1	6.1	3.6	12.1	12.1	100.0	5.6
Industrial crops	11.6	4.7	8.0	4.1	28.9	7.8	1.8	1.0	1.6	1.6	100.0	8.2
Potato and other vegetables	1.4	0.6	6.9	3.0	5.4	6.6	9.0	4.1	1.1	1.1	100.0	6.1
Forage crops	33.1	13.9	40.8	18.0	33.8	31.0	8.8	4.5	3.6	3.6	100.0	16.8
Total sown area	486.9	100.0	109.0	100.0	311.6	100.0	183.7	100.0	106.0	100.0	100.0	100.0

* Figures taken from Table 1.

† Includes areas under cultivation, sown areas, and harvested areas.

‡ Includes sown areas under grain, forage, and other crops, and harvested areas under grain and forage crops.

§ Includes harvested areas under grain, forage, and other crops.

¶ Includes harvested areas under grain, forage, and other crops.

to exaggeration for fiscal, propaganda, or other nefarious purposes.³¹ They were not comparable with crop figures for other countries or, indeed, with Russian figures prior to the 1930's. Such a statistical practice, or malpractice, which has been current for the last twenty years, brought down the wrath of Malenkov, who declared that "it should

stop today and forever," September 15, 1953. Even the modest increase seems to be overestimated.³²

²⁹ See Lazar Volov, "Agricultural Statistics in Soviet Russia: Their Usability and Reliability," *American Statistician*, VII (June-July 1953), 8-12.

³⁰ *Pravda* and *Trud*, August 9, 1953.

ward trend after 1950. On the other hand, cotton, sugar beets, and wheat acreages were above prewar levels. Wheat particularly showed a spectacular increase at the expense of its old competitors, rye, and feed grains. Total grain acreage also decreased, but the group of so-called "industrial crops" and especially forage crops (including sown grasses, tame hay) showed a gain (see Table 4). However, the positive effect of the large increase in acreage under forage crops and grasses was largely offset by

³¹ *Pravda* and *Trud*, August 9, 1953.

³² *Pravda* and *Trud*, August 9, 1953.

low yields per acre, especially in the dry regions where it is now officially recognized that the acreage under grasses was overextended. Animal husbandry has long been considered the weak spot of Soviet collective agriculture and was repeatedly an object of widely publicized critical official reports. According to Khrushchev's figures, the cattle numbers, at the beginning of 1953, were below those of 1916 (when Russia was in the throes of the first World War) and of 1928, before agricultural collectivization began.²² There is a question whether the 1916 and 1928 figures given by Khrushchev are fully comparable territorially with 1953. The 1953 figures were likewise lower than the estimated numbers for the present territory in 1938. Khrushchev's figures also reveal the further alarming fact that, while cattle numbers were increasing during the postwar years until 1951, they declined again between 1951 and 1953. The situation was aggravated by a decrease in the proportion of cows in the cattle herd, from a half or more before the war to 43 per cent in 1953, with a consequent detrimental effect on dairy production.²³ A glaring example of this deterioration was the decreased production of butter in Siberia compared to the period before the first World War, when Siberia was the principal butter-exporting region of Russia. According to Khrushchev, Siberian butter production in 1952 was 65,000 metric tons as compared with 75,000 in 1913,²⁴ and this, despite the large increase in population and the boasted agricultural development of Siberia under the Soviets. Mikoyan actually admitted the fact that the U.S.S.R., formerly a significant exporter of butter, is now an importer.²⁵

²² *Pravda*, September 15, 1953.

²³ *Pravda*, October 25, 1953; *Tsernaya Oktyabr*, 25 and 27, 1953.

The situation was better with respect to most other types of livestock, as Table 5 indicates; but even at the end of 1953 none was anywhere near the goals set for 1951. As compared with the United States, with a population about a fifth less than that of the U.S.S.R., the latter had 37 million, or 40 per cent, less cattle and 26 million, or nearly 50 per cent, less hogs at the beginning of 1953. Only with respect to sheep, of

TABLE 5
NUMBER OF LIVESTOCK IN THE SOVIET UNION,
1945-1953 (in millions)

Year	Sheep			Cattle			Hogs		
	Lambs	Sheep	Goats	Cows	Bulls	Oxen	Cattle	Calves	Hogs
1945	10.0	10.0	—	10.0	—	—	10.0	—	—
1946	10.0	10.0	—	10.0	—	—	10.0	—	—
1947	10.0	10.0	—	10.0	—	—	10.0	—	—
1948	10.0	10.0	—	10.0	—	—	10.0	—	—
1949	10.0	10.0	—	10.0	—	—	10.0	—	—
1950	10.0	10.0	—	10.0	—	—	10.0	—	—
1951	10.0	10.0	—	10.0	—	—	10.0	—	—
1952	10.0	10.0	—	10.0	—	—	10.0	—	—
1953	10.0	10.0	—	10.0	—	—	10.0	—	—

²² See note to Table 1, 1953, reported in the same numbered section above and following. The figures shown in Table 5 for 1953 are taken from Lazar Aronov, "The Soviet Economy," in *Review of Western Europe*, Vol. 1, 1954, p. 13.

²³ Estimated, official estimate.

²⁴ War-time statistics include figures for 1914 and 1915, and do not consider the effects of World War I or its changes.

²⁵ *Pravda*, October 25, 1953, and *Tsernaya Oktyabr*, 25 and 27, 1953.

²⁶ N.A.—Not available.

which the United States had 32 million, is the U.S.S.R. much ahead.

Khrushchev boasted of the great increase in collectivized livestock, or communal herds, which Soviet policy has consistently aimed to accomplish since 1939 and especially since the end of the war. Collectivized livestock in 1953 accounted for more than half of total cattle and hog numbers and for 70 per cent of total sheep and goats, as compared with 37 per cent for cattle, 30 per cent for hogs, and 46 per cent for sheep and goats in 1941. But, though the decree of September 7 acknowledges it,²⁷

²⁷ See above, n. 40.

Korshlev does not mention the well-known fact that much of the buildup of collective farms resulted from amalgamation of private farms, especially in the more recently collectivized regions developed since the war. Nor does he attribute the corporatization as a factor to the decline of livestock numbers, though he is surely right to say, as does the above mentioned document, that a very large part of the stagnation of food and live production of the agricultural funds.

His final experience, however, of agriculture shows the most striking contrast between the two branches of Soviet agriculture, namely the Stalinist period of collectivization of the early 1930's and the early 1950's. The early collectivization was extremely wasteful, as the document reports, due to the heavy taxation imposed. But when the collectivized farms were again disbanded in the late 1950's, a deterioration of

livestock numbers went considerably further than ever before, with a reduction of meat products which amounted to a place or two behind in the electric investment race. Maledost and Kozhukhov provided evidence used by the document to support this point. Thus Mihailov pointed out that collectivized farms averaged only 10 percent less meat output per head which was 10 percent less than in 1953, although the number of live animals had increased from 1953 to 1960. Similarly, while meat output in 1953 was 30 million tons, it fell to 20 million tons in 1960. This reflected mainly the fact that meat production in the collectivized farms did not improve when the state monopoly for meat sales was discontinued and meat was sold outside the farms. The gap increased between

1956-57 and 1952-53 from 2.4 million to 5 million metric tons live weight and similarly that centralized production of milk increased from 1.4 million to 1.6 million tons. And thus doubling of the range of centralized production in Soviet figures are correct, or are at least partly reported reduction in numbers and low productivity of live stock. On the other hand, according to Kozhukhov, the view would probably be that the average output of Soviet collective agriculture has steadily increased in commercial production and its comparison with the meat output of the Soviet peasant territory and its contribution to the total Soviet economy has also increased. This could be true, but

that the meat production was increasing at a slower rate than meat output in the Soviet Union. Moreover, just as the Stalinist period was very wasteful, so the early post-collectivization period was also wasteful, with too rapid increase of live stock numbers. The situation was aggravated by the fact that meat was sold at a constant price, the actual live weight was falling, and therefore a greater number had to be disposed to obtain the same amount of government money for which each live animal in fact received only a slightly reduced payment per head.

There is no complete data available on the location of new meat processing plants, but it is known that many were built in the 1950's, some of them in the most distant parts of the Soviet Union. The heavy investment required for meat processing plants made it difficult to build them in the central part of the country, where there was a surplus of labor power. Therefore, meat processing plants were built in the

industry. This was no doubt long obvious to the leaders of the U.S.S.R., but it did not seem to them that it would have been tantamount to a dangerous heresy before Malenkov and Khrushchev stamped it with the Kremlin's imprimatur. Now Khrushchev went so far as to revealing in his speech that "industry, not their members," realized 17-30% deeper work than the wage shift for labor in industry. Thus the necessary delivery of cotton to the predominantly growing regions of Central Asia (12 rubles per work day for a weaver) from the principal sugar fact producing regions of the Ukraine (18 rubles per 8 hours of industrial work) in the U.S.S.R. and 8.1 rubles for grain in the regions of grain production there, namely the North Caucasus. But for the delivery of twisted products it was only 5 rubles per work day, for the whole U.S.S.R. (a little over 4 rubles for the Ukraine). This disparity is made even greater by the fact that even the higher price paid by the government for grain at state granaries is not enough to stimulate the grain farmers. Nor does Khrushchev's talk begin to reveal the main factor bypassed by the farmers. The point of the livestock industry which is also left to the needs of further consideration.

The Kiev entrepreneurs seem to be fully aware of the fact that without a general improvement of the livestock situation the dietary and other standards would interfere with the Russian population cannot be improved. This preoccupation is reflected in the current problem which has been added to the fore, primarily because of a lack of grain, a lack of feedstuffs, a resulting low yield of swine, horses, cattle, and other farm animals, delayed delivery of animal feedstuffs, deterioration in the quantity and quality of hay, wasteful and inefficient utilization of feedstuffs, the neglect of feed grains, oats,

barley, and corn in the precipitation with wheat and grasses; these are at the root of the perennially vexing problem of an inadequate feed supply.

What makes the whole Soviet agricultural problem look even larger on the horizon is a truly rapid growth of population.² It poses the problem of sheer increase in numbers to be fed and clothed. It is true that, with increasing industrialization and urbanization of the country, the rapid population growth may not have such a sharp effect in the future.³ The trend may be reversed. The Marxists prefer a sufficient parity between the population, industry, and supply to the availability of land and this seems to be inevitable in Russia since this is the age when productivity of land and man will continue to increase with proper management. In contrast to the gloomy socialist forecast of future static capital investment, agriculture is in continuous motion. That is why, despite a most tragic situation created by the late Comintern, the Khrushchev party continues. And so, if the ideal of Matthes' "Russia plus a famine" British economists are still retained in the U.S.S.R., one need hardly strain to find others ready to follow up on the Ukraine of Matthes, Eritrea, and Silesia, who never thought much of Matthes anyway. But they and

² According to the latest available figures, the population of the U.S.S.R. increased from 1950 to 1955 by 10.5%, or 10.5 million. The population of the U.S. increased during the same period by 10.2%, or 10.2 million. The population of the U.S.S.R. is now 150 million.

³ Cf. R. P. Dore, "A World Population Forecast to the Year 2000," *Population Studies*, No. 1, 1955.

⁴ Karl Marx, *Capital*, New York, Modern Library, 1946, pp. 68-69.

go too far to speak of a "breakdown" of proposal of Stalin, on the eve of the Ninth Russian agriculture at present . . . the Fifteenth Communist Party Congress (in

In agreement with the previous discussion, one can say that the charged ion current amplitude toward the positive terminal of the voltage source in the holding voltage range is higher than the negative voltage plateau due to the previous switching of the polarization polarity toward the same direction. The amplitudes and the widths of the negative voltage plateaus are approximately equal at the points of the hysteresis loop maximum. The ion current in the specimen is 10% higher at the polarizing point in the negative State.

posal of Stalin, on the eve of the Nineteenth Communist Party Congress in October, 1952, for a barter system between collective farms and Soviet industry, which might have eventually eliminated the kolkhoz private trade, it is closely bound with the private peasant trading of today.

There was good reason to expect therefore that the more and more numerous weighty swallows would not be destined to "fill up" the collective levitation. However, as I illustrated in the second article, we can now conclude that

And while the last sentence of the first
canto of this latter Sgarabha's speech
is a direct quotation of that of Sagar-
abha, it is evident that the former
was intended that the
city of his party of adherents
should be destroyed without regard
to it. It is in this spirit of Sagarabha
that the last sentence of the second

On the 20th of August, 1903, the
S. And. was organized at
that time it had 100 members. This
group soon grew and reached a
total of 300 members by the following
year.

The first of a series of concessions was the reform of the cumbersome system for taxation of the private farming of individual households. This is the so-called "agricultural tax," for which only the bidders, landlords, and workers having garden plots are subject to it. The household taxed separately is the basis of the annual income. Under the old system each entrepreneur and each type of livestock was assessed separately at varying rates, depending upon their assumed profitability. To this were added any earnings the household may have had above the average, plus the addition of 10 percent. In 1952, however, the tax was simplified by the introduction of a single rate for all types of agriculture.

The agricultural tax was replaced by a system of land-based taxation, known as "the 1953 tax." A hectare of land is taxed according to its economic value. The old system of taxation of individual households was abandoned. Average rates, as well as appropriate subsidies, is fixed by law for each of the constituent republics. On the basis of the average rate and subsidies, these fixed varying rates are applied to districts and districts depending upon the crops grown, their yields, the weather situation, and terrain. These rates, however, were not introduced. Now the more recently collective farms are abolished since the winter of 1954-55, the old seven provinces of the

USSR have been reorganized into 10 new provinces. The new provinces are: Central Asian, Kazakhstan, Siberian, Ural, Central, Western, Southern, Eastern, and Far East. The new provinces are to be divided into districts, which will be further subdivided into rural districts.

Called "Eastern Ukraine," the average tax rate is 8.5 rubles per 1/100 hectare,¹ with variation from 5 to 13 rubles, while in the western provinces, also in the Ukraine, the rates are 4, 7, and 6 rubles respectively. Higher tax rates are set for irrigated land. In the Uzbek Republic of Soviet Central Asia, the tax rate is 22 rubles for irrigated land and 8 rubles for nonirrigated land on the average.

Every plot of the agricultural tax is granted four plots of land or the equivalent to each state agriculturalists, etc., and Soviet citizens, provided areas and taxes are not exceeded according to a scale of 100 percent. When the value of the land does not exceed 100 percent, the plots are granted free of charge under certain conditions.

As a result of the reform, the total amount of tax was reduced in 1953 by 11.43 billion rubles, or 13 percent. In 1954, however, it was increased with PDS. Moreover, the tax rates of irrigation land were increased. This is another reason for changing the tax system of the heavily irrigated frontier.

The simplification of the agricultural tax has made it easier, calculating, as the number of plots, instead of easier and less expensive administration. But, even more important, the tax is now direct, as Zverev and other Soviet specialists insisted, for this is the determining factor of the shift to open the private farming of collective farms and to stimulate its development. Since the new tax is not arbitrary, regardless of the crops grown, it gives an incentive to use the best plots of the land and to increase production.

Under the new system, the tax is calculated on the basis of the area of land, the yield per hectare, and the

pecially to encourage livestock ownership by kolkhoznički, which was adversely affected by government policies since 1939, with the exception that 45 per cent of kolkhoz peasant households had no cows, according to Khrushchev.¹ Livestock is not taxed separately, and it and for the whole year, 1954.

Furthermore, those kolkhoznički who do have cows of their own are subject to the second tax on meat, which is 50 per cent of the amount of meat sold at a price of 50 per cent above the average price in 1953 and 30 per cent in 1954 to help meet meat deliveries of approximately 10 million tons.

However, the encouragement of private breeding does not fit possible economic conditions in the collective farm economy. There is a serious risk of possible inflation if the law is not able to find a balance between the need of maintaining state control of what is valid in the specialized branch of agriculture and the need to stimulate the private breeding of cattle. A number is set at less than 80 per cent. It has been suggested that the additional tax on the private holding of animals should be increased by 75 per cent if an additional number of workers are to be hired in order to cover the cost of the extra meat being supplied from it and to meet existing for some time to come meat imports. Thus, the old spectre of competition of the kolkhozian garden plots with the more efficient types of labor and devotion of time is beginning to loom in the Kver line, the economy's weakness as the pressure against private farming or its ban is reinforced.

The second concession dealt with an even more important form of taxation—the compulsory delivery of a fixed quantity of farm products to the state at exceedingly low fixed prices. A reduction of delivery quotas of animal products and

potatoes was ordered, and all arrears accumulated by January 1, 1954, were canceled. Those kolkhoznički who had no personally owned livestock on June 15, 1953, were entirely exempt from meat taxes.

Delivery quotas of animal products, and vegetables

and potatoes were increased by the committee on agriculture of the Central Committee of the CPSU in April 1954. The kolkhoznički now receive an additional subsidy of 10 per cent on the production of meat, dairy products, and vegetables.

Thus, meat prices are to go up by 5.5 per cent, and the fixed delivery quota is 7.8 million metric tonnes of meat, or 13.4 billion rubles. Thus, increases are not large, but when they appear periodically, they will be felt.

Provisions where the government bought up private meat excesses at the original supply quota were also increased. Such purchases were always higher than those for vegetable products and often were supplemented by purchases by the foundations of food industry firms. Goods were raised by the average of 30 per cent for meat and 30 per cent for milk.

The fourth concession was the non-official pricing system for the kolkhoznički, which Stalin's measure of a barter system between the agriculture and industry served for a time to be replaced by a free market. But since Stalin's heirs continued the rather new course, the barter idea has re-emerged, at least for the non-official Agricultural Trade. This trade has a continuing importance in certain Soviet economic movements. Thus, as one of the vice-ministers of trade, Mikoyan, the "kolkhoz" trader is an important component part of Soviet

¹ *Izvestia*, April 19, 1954.

trade. A number of measures are to be adopted here, according to M. Savchenko, to encourage it. Measures are also proposed to develop agriculture. Several hundred thousand new tractors are planned to be produced and incorporated into collective farms. This will be a further indication of favorable conditions for transporting agricultural products to the collective farms. The importance of tractors can be exaggerated, particularly for small-scale agriculture, the medium and large-scale farms and cooperatives of Soviet agriculture. And increased production of small-scale agricultural machinery, in conjunction with the collective farms, will always be more important than the introduction of tractors. This was also the conclusion of the M. P. K. Central Committee's resolution with regard to agriculture. Under the NLP, which was adopted at the beginning of 1956, there were no restrictions of whatsoever kind on the sale of surplus grain to kolkhozes and cooperatives, even now. Lenin's NLP is still in force. But then the limits were imposed by the Stalinist regime, not the peasant state. During the middle 1930's, when the so-called "collectivization and collectivization of the family" was combined with the encroachment of the state and the dismantling of the collectivized peasant economy.

Despite Lenin's forecast that the NLP would last for a long time, it was put to one side by Stalin's successors only in the early 1950's. The encounter of the two systems of agriculture in the Soviet Union, in the Pasture, was overthrown. As to the successor of the Khrushchev regime, he probably has no sympathy whatever for it.

The present situation in the Soviet Union is such that the new leadership is compelled to maintain its own position, though it is not clear what it is. The new leadership may say, for example,

All some care, then the collective farms must follow up to establish a level of development that meets the present requirements for economic and social life. This will be done by introducing the collective farms into the market economy and giving them the right to sell for the market their collective products.

When it is reflected how previous possession of livestock is to the collectivized peasantry, that it is without exogenous factors a system of its personal farming in the words of Ishashishvili requires nothing similar meaning.

What reaction can be expected from the peasants and the new concessions? They are, no doubt, well aware of all as they go. But can the peasants not see what regard to their personal farming in the past of past experience, and know that they have suffered? And since this answer is obviously in the negative, will they again show zeal in building up the collective farms, thus realizing that, when the state is involved, their livestock will probably again be confiscated? And if the kolkhoz still applies the ushers' decree, to the old Dzhugashvili plots, will they not run once more to conflict with the ushers' who are so strongly concerned with the prosperity of the collective farm economy? The Russian peasants are well aware, after more than three decades of experience with the Soviets, that the land that grandpa also withheld will. They will hardly trust Stalin's disciples and lieutenants, who are his successors more than they trusted the elderly Georgian. Nor is it likely that their confidence will be gained by the ushers' who do not let the public economy or the economy mostly at state factor and to substituted the more popular name of Lenin, who symbolizes the happy days of the NLP. Thus, the new concessions may not be too tempting from

¹ *Pravda*, December 15, 1954.

the peasant's standpoint, or too fruitful from that of the Kremlin.

However, the Kremlin, as both Malenkov and Khrushchev made crystal clear, continues to play a dominant role in the kolkhoz, which in recent years has grown larger. The campaign for consolidating kolkhozy, spearheaded by Khrushchev, reduced their number from more than 250,000 early in 1950 to 95,000 in 1953. The gap has thus increased between the rural and the membership of the enlarged kolkhozy and the management, consisting mostly of specialists and other outsiders, with the resulting enhanced driving power of management over labor. There is no indication of any change from this course, though, judging from statements by Soviet spokesmen, the problem of finding legal and competent managers continues to be a headache to Soviet authorities. Needless to say, the election of qualified managers prescribed by law has been more or less forgotten than ever before.

It is true that Khrushchev criticizes the excessively centralized planning of agriculture¹ which, as many objective observers had long ago pointed out, aids "grass roots" initiative. However, the Malenkov-Khrushchev program actually calls for relaxation of controls but for increased regimentation by tightening the local party notelge over the kolkhozy. In this connection, Khrushchev's "suggestion" that 50,000 Communists be sent as party workers to the countryside is symptomatic.

The rural Communist party apparatus was reorganized so as to allocate better the responsibility for supervision over

¹ The role of the central planning board is to decide 1,800 major agricultural projects, which will cost 1,000 rubles each, in 1958.

² *Pravda*, February 18, 1958, and March 21, 1954.

kolkhozy. A responsible party official secretary of the regional committee of the Communist party is to be detailed with a group of local Communist associates to each state machine tractor station or MTS serving a group of kolkhozy. He is to be accountable to the first secretary of the regional committee of the Communist party—the rear boss of the regions.

The role of the increasingly important MTS was further enhanced. It is to be "the main decisive force in the development of collective production, the most important prop of organization of economy by the socialist state."³ In general, the tie-up between the kolkhozy and the MTS has become closer with the enlargement of the farm unit. This trend is further developed now, the Malenkov-Khrushchev program still without curbing their initiatives.

Various measures were proposed by the representatives of technical associations and trade unions of the workers of the MTS. Two decisions are of special interest. First, there is the conversion of the staff of members of MTS workers by the transfer of several categories of industrialists who were formerly employed only seasonally. This strengthens considerably MTS over the rural labor force in spite of the disengagement of the latter. The industry, however, will continue to constitute a part of the wage of these workers. The second decision is the transformation of industry and the administration of enterprises to the MTS and of the vocational schools of technicians, engineers, agriculturists, and livestock specialists and skilled labor, especially workers with long experience, such as tractor drivers, combine operators, etc. The novelty of this trend will be fully apparent if we can also remember that, especially since the

³ The same source, March 1, 1958, in a later issue.

war, skilled labor was channeled for the most part out of agriculture. Even Khrushchev admitted that during the postwar period "a large number of the most literate and cultured kolkhozniki have transferred to industry,"¹⁴ with an unfavorable repercussion on agriculture.

Various inducements are offered to the technicians and workers transferring to the MTS, including no-interest bearing ten-year loans for building individual houses. The shift from the cities to the countryside is supposed to be, in accordance with the time honored Soviet custom, "an enthusiastic voluntary" one, and many stories have appeared in the Soviet press since the autumn of 1953 confirming such "socialist enthusiasm." But there were also reports of a distinct lack of enthusiasm for roughing it in the countryside beyond the suburbs. That the qualifications of those transferred are often not up to the mark is patent from Khrushchev's remarks at a conference of provincial editors. He said that, while much is being written about the number of specialists and other workers shifted from industry to agriculture, "there is silence as to who is being sent and whether these workers are able to render real assistance to the kolkhoz, MTS, and state farms."¹⁵ In any event, it was officially reported in the Soviet press on January 31, 1954, that by the end of 1953 more than 100,000 agronomists and animal husbandry specialists and a considerable number of engineers and mechanics were transferred to MTS and kolkhozy.

More important perhaps than this mobilization campaign, which, like all Soviet mass campaigns, is bound to have many pitfalls, is the laying down by the highest Soviet authorities, even if im-

Period and Events, September 15, 1953.

V.P.R., December 4, 1953.

plicitly, of the principle that Soviet agriculture should not be denuded of brains and skill in favor of industry.¹⁶ Thus, Khrushchev chides the "gentlemanly bureaucratic" attitude toward the work in the countryside among "some Communists occupying even responsible positions. . . . Such people do not understand the simple truth that without the advance of agriculture the problem of building Communism cannot be successfully solved. Communist society cannot be built without an abundance of grain, meat, milk, butter, vegetables, and other agricultural products."¹⁷ However, to implement this principle of nondiscriminatory treatment against agriculture in distribution of manpower will be difficult unless the living conditions in the countryside, which are inferior even to those in the Russian cities, are considerably improved.

Like so many previous Soviet plans, the Malenkov-Khrushchev program concerns itself with raising the productivity of Russian farming and with increasing crop yields per unit of land and per worker. The problem of improved farm practices and management, planned and directed from above, therefore looms as large as it did during the Stalin era. But there are significant departures from the Stalin pattern. The prominent nostrum of the "magic producing" Lysenko-Molinist science and the "Great Stalinist Plan of Reconstruction of Nature" through a reforestation of the dry steppes and irrigation are considerably dethroned or shelved.

While apparently shedding or modifying some of the unrealistic aspects of

¹⁴ The Russian word *chelovek* translated as "person" can refer to any Russian even across the Revolutionary line as well as the American States.

¹⁵ *Period and Events*, September 15, 1953.

¹⁶ *V.P.R.*, December 4, 1953.

Stalin's program of agricultural improvement, his successors went far beyond in one important respect, namely, the increasing use of commercial fertilizer. The idea itself is sound, since higher crop yields depend upon increased application of fertilizer, especially in the northern and central agricultural regions outside the Black Soil belt, where soils are naturally less productive but crops are not endangered by frequent droughts. Furthermore, the reduced supply of manure, owing to smaller numbers of livestock, increases the need for commercial fertilizer which so far has been used predominantly for the more valuable crops, such as cotton and sugar beets, and very little for grains, forage crops, and oil seeds. However, the exceedingly high targets for fertilizer production, increasing from some 6 million metric tons in 1955 to 16.5-17.5 million in 1959, and to 28-30 million in 1964, do not appear realistic. No less problematic seems to be the most recent phase of the new agricultural program, the projected considerable extension of acreage under grain in the dry areas.¹⁹

In accordance with a long established Soviet practice, the big stick in the

¹⁹ Yet another serious weakness in the agricultural tract is that of inadequate grain production was revealed, contrary to earlier Soviet optimism, by State control of 25% of the Central Committee of the Communist Party of the U.S.S.R., March 25, 1954 (*Pravda*, Moscow, March 6, 1954). A report on the subject by Khrushchev, made on February 23, 1954, was published in *Pravda* and *Pravda* on March 21. The sector called for the Seeding by 1958 of at least 150,000,000 hectares of 2,000,000 acres of grain (mostly spring wheat) in the Virgin Land or long-laid-out agricultural land of the Volga and Donets basins, the Urals, southern Siberia, and Kazakhstan. Thousands of young men and women all over the country have been mobilized to help in this project. The unfavorable climatic conditions and often inferior soils in many of these regions, coupled with organizational difficulties that have already cropped up, make the Kremlin's expectation of a production of an additional 18-20 million tons of grain seem exceedingly optimistic.

Malenkov-Khrushchev program was accompanied by the proverbial carrot, perhaps a somewhat larger carrot than usual, for the kolkhoz. During the Stalin era the provision of economic incentives in agriculture usually took two directions. The main one was Stakhanovism, in which high material rewards and often better working conditions were set for a small number of pace-making workers or groups of workers. The high performance standards of Stakhanovites, frequently achieved under such favorable conditions, helped the management to drive the rest of the labor force harder. The other direction, a third hypothesis, was the increase of kolkhoz earnings through higher prices. It was practiced during the Stalin era with regard to a limited number of crops, such as cotton, sugar beets, and a few others, when a rapid and large increase in production was deemed urgent.

The Malenkov-Khrushchev program has concentrated on the second method of increasing economic incentives by raising prices in those branches of agriculture where progress was slow or non-existent. As was pointed out earlier, the prices for compulsory delivery of animal products, potatoes, and vegetables were increased. The compulsory delivery quotas for potatoes and vegetables were, at the same time, reduced for kolkhozy.

Enough has been said already about Soviet failure in animal husbandry. It is fully necessary to call attention to the new serious obstacle to future statistical appraisals of the Soviet livestock situation created by moving the count of livestock from January to October. As a consequence, the needed historical statistical framework of reference will be lacking, since livestock data are only available for winter and, for a few years, for summer months. Livestock numbers vary, some

times considerably, between different periods of a year. For instance, during the period 1934-38 the average variation between winter and summer counts was as follows: cows, 8.4 per cent; all cattle, 23.7 per cent; hogs, 24 per cent; and sheep and goats, nearly 50 per cent.¹⁴ This factor precludes comparison between different years unless the data are for the same period.

As for potatoes, they not only are a valuable article of the human diet but also are important in animal feeding, a problem that looms large on the Soviet agricultural horizon. Potatoes are also an inexpensive source of alcohol, which has varied industrial uses. I shall not venture into the details of the unsatisfactory potato and vegetable situation revealed by the Russians, except to note the difficulties arising from the low degree of mechanization contrasted with such crops as wheat and other small grains, sugar beets, and cotton. This has meant heavy reliance on hand labor, which has become a thing of the past in Russian agriculture since the second World War. Certainly the frequent shortage of potatoes and vegetables in state stores conveys the pessimistic analysis of the Soviet leaders. Under such conditions the 50 per cent reduction of retail prices of potatoes and vegetables in state stores on April 1, 1953, is a vivid example of how a centralized price mechanism should not be adumbrated.

I have already pointed out that the increase in delivery price is not as inspiring as it appears, since it applies to a very low price base. Further, one, it is significant that the low prices of grain—the most important crop, accounting for about 70 per cent of the Russian crop acreage—have not been raised. It is also a question

¹⁴ *Upravlenie po sel'skogo hospodarstva SSSR*, 1946-1950, vol. 1, p. 4.

of how much the increase in delivery prices will percolate to the rank and file members of collectives, considering the large capital investment, the heavy overhead for administration, and the huge waste prevalent in collective farming. And, in the last analysis, there is the problem of the supply of consumers' goods, on the adequacy and reasonable pricing of which the real value of any increase in cash income of collective farms depends.

Another reform which bears on economic incentives is the elimination of the widespread practice of soddling with higher delivery quotas those collective farms having a larger output. As Khrushchev put it, "as soon as a kolkhoz surpasses its neighbor, the government procuring agents trim it just as a gardener trims the bushes—with shears."¹⁵ This squeezing of the more efficient collectives is contrary to Soviet law requiring, as a rule, uniform quotas per unit of land for kolkhozy in the same district. Yet, the palpably illegal practice revealed by Khrushchev was obviously tolerated by authorities, and it would be hazardous to bank on its disappearance, despite the frowning of the Kremlin.

Summarizing the Malenkov-Khrushchev program, returning to the question raised at the outset, it appears on the basis of the foregoing review that, with a more decisive emphasis for consumers' goods, the Soviet economic policy has, in a sense, acquired a new look,¹⁶ though its continuity is by no means assured. In agriculture this is much less so. Some of the Stalinist farm programs were deflated to more realistic proportions by eliminat-

¹⁵ *Pravda*, Jan. 1, 1955, p. 2. See also, p. 18, this issue. The adoption of the new policy, however, has not been accompanied by any significant increase in the output of agriculture, which is the chief economic advantage resulting from better land, more advanced tractor power, and superior capital endowment.

ing a certain amount of gigantomania. Private farming of kolkhozniki has won what seems to be a temporary reprieve. Greater attention is focused on economic incentives in line with the more liberal policy with respect to consumers' goods. But the main emphasis continues to be centered, as during Stalin's era, on the agrarian supercollectivization and party domination, even though they have largely failed thus far to raise agricultural productivity in the U.S.S.R.

That a serious improvement is likely to take place in the short run in the agricultural situation, as a consequence of the Malenkov-Khrushchev policy, is problematical. It is symptomatic that shortly after his celebrated report to the Central Committee, Khrushchev was

already denouncing the delays in implementation of the new policy decisions.¹³ And once again the most backward sector, animal husbandry, was a prominent target for complaints which sang that familiar dirge about the inadequacy of forage supplies and livestock shelters.¹⁴ But in the long run one must not overlook the impact of the new industrial labor and investment policies on agriculture, assuming, of course, that such policies are not short-lived. By creating a more favorable environment for collective agriculture, they would provide by the same token a decisive test of its productive capacity.*

* The case for the expansion of the role of peasant agriculture. *Priroda i chelovek*, No. 1, 1954.